

EXHIBIT

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DATE

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HB

402

February 12, 2013

Regarding HB402

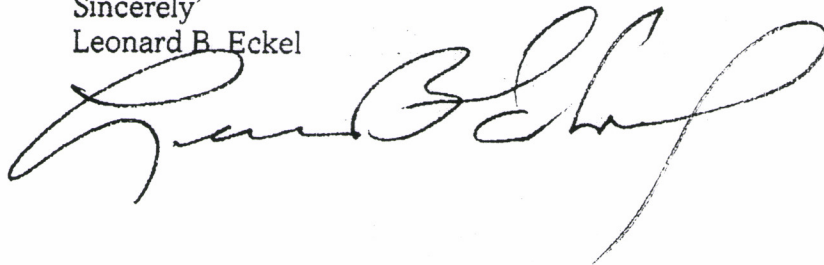
I have actively supported Montana consumers in their quest to have open choice in their selection of wine and beer since the 1970's when I led the successful public wine and beer initiative (passed overwhelmingly) which now permits Montanans to purchase wine and beer in grocery and drug stores. I also supported the connoisseur's license bill when it was brought forth in the Legislature.

Now, HB 402 would take away that license. This bill eliminates the MT wine enthusiast's ability to seek out and procure those hard to find and extremely limited small production wines not offered through normal distribution methods. The connoisseur's license gives the Montana wine enthusiast a fair playing field to seek out and procure products at retail prices from small and limited production wineries. The fees, shipping costs, taxes and responsibilities are significant, but worth it for these fine wine hunters; for many producers limit their sales only to repeat customers, those on waiting lists and often limit sales to bottle purchases to try to satisfy demand. To these producers, \$400 license fees, tax collection and reporting are a burden they choose to avoid (\$400 x 50 states equals \$20,000 a year).

In the interest of consumer choice, I urge you to not eliminate the connoisseur's license.

Sincerely,

Leonard B. Eckel





Fun Beverage Inc.

My name is Brian Clark. I am the President of Fun Beverage, Inc. a licensed, independent, regulated wholesale Beer and Wine distributor located in Kalispell. We are locally owned and operated for over 31 years. In 2012 we employed 80 people, paid wages and benefits in excess of \$4.2 million, paid \$760,000 in beer and wine taxes and represent over 200 different beer and wine producers throughout northwest Montana. We had a great year and apparently so did the entire state. Based on 2012 tax paid removals, total Montana beer sales grew over 3% and wine sales grew 5% without HB402.

The licensed, regulated middle-tier be they licensed, independent distributors like Fun Beverage or state operated warehouses exist to serve both an economic purpose and a public purpose as was the intent of all state-based, three-tier alcohol regulation. Alcohol and alcohol regulation unique, it is unlike any other because the abuse and illegal use of alcohol has significant social costs. The 2009 Bureau of Business and Economic Research, Study on the Economic Cost of Alcohol in Montana by Patrick Barkley, estimates the true cost of alcohol abuse in Montana is in excess of \$500 million.

HB402 is another example of the deregulation of alcohol for the economic benefit of a few special interests at the expense of the public interest. The principals of three-tier alcohol regulation crafted by the witness to both the enormous social costs of the unregulated, vertically integrated alcohol industry and the chaos and lawlessness of the failure of Prohibition that ultimately led to the passage of the 21st Amendment, crafted a simple separation of tiers based on local transparency and accountability to optimally balance economic interests and public interests.

The primary reason alcohol regulation is so convoluted today is because self serving special interests continually carve out special exceptions for their economic benefit that on the surface appear to do no harm but over time become the catalyst of unintended consequences with significant public costs. Alcohol is unique.

HB402 benefits wineries that make more money by electing not to do business in Montana through transparent and accountable license to license transactions. HB402 is more difficult for the state to enforce and monitor and the unintended consequences of its passage may very well lead to direct to consumer beer, direct to consumer spirits and out of state retail direct to consumer further eroding transparency, accountability and public safety.